# Duncanville City Council Meeting Minutes
# Special Meeting
# Budget Workshop
# Monday, June 8, 2020

**CALL TO ORDER**

A special meeting of the Duncanville City Council was called to order on Monday, June 8, 2020, at 5:15 p.m. in the Council Briefing Room at City Hall with a quorum to wit:

**COUNCIL PRESENT:**
Mayor Barry L. Gordon
Councilmember Joe Veracruz
Councilmember At-Large Patrick Harvey
Councilmember Don McBurnett
Councilmember Monte Anderson
Councilmember Mark D. Cooks
Councilmember Johnette Jameson – arrived at 5:25 p.m.

There will be no public access to this physical access. However, a live broadcast will be provided on our local channels (Charter 192 or U-verse 99). A YouTube recording will be provided no later than June 12, 2020.

To submit public comments, email citysecretary@duncanville.com and title the email "Public Comment – June 8th". All public comments submitted by 4pm on Monday, June 8, 2020 will be provided to the City Council members and entered into the record for the June 8, 2020 City Council Special Meeting – Preliminary Budget Workshop.

1. **Call to Order**
2. **Receive Public Comments (see above comments).**

   None.

3. **Pre-Budget Workshop for Fiscal Year 2020-2021. Discussion of topics related to current year budget and next fiscal year budget planning including the following general topics:**
   - **FY 20 Budget Status – Projected**
   - **FY 21 General Fund Budget Outlook**
   - **Future Budget Impacts**
   - **Tax Rate Discussion**
   - **FY 20 Utility Fund Status - Projected**
   - **FY 21 Utility Fund Outlook**
   - **Capital Improvement Plans (CIP)**
   - **Other Funds – FY20 Projected; FY21 Outlook**
   - **Bond Projects Update and Discussion**
   - **Public Improvement Districts (PID)**

City Manager Hugman briefed Council on the timeline of events and stated new challenges have been presented due to the COVID-19 pandemic and the 3.5% property tax. FY21 budget will not include any new programs, one-time projects, or pay raises. The city can maintain the current service levels with the drop-in sales tax revenue and a 3.5% tax cap in order to maintain an adequate fund balance.

**Debt Service:**
- GO Bonds issued in 2019 $21,600,000 at $20,735,000
  The bonds sold at more than "face value" due to favorable interest rates. The premium allowed the City to issue less debt than funds received.
  - Last payment scheduled Feb 2039
  - Callable in 2028 (could re-finance if interest rates favorable)
  - Annual Debt Service Averages $1,483,000
  - Principal amount outstanding at beginning of FY21 will be $20,395,000
- Utility Fund Debt retired in current year (FY20)
- Fieldhouse Debt
  - Last payment due August 2025
  - Average annual debt service $ 537,325
  - Principal outstanding at the beginning of FY21 will be $2,495,000
- DCEDC Debt
  - Last payment due August 2021
  - Principal outstanding at the beginning of FY21 will be $485,000

**FY20 General Fund Summary:**

- FY19 revenues exceeded budget
  - $250,870 in Permits and Fees
    - $69,792 in collected Emergency Medical Services
    - $125,363 in Texas Ambulance Supplemental Payment
    - $52,305 in Rental Property Registration
  - $138,232 in Fines and Permits (court and court related fines)
  - $319,234 in Interest revenue due to unanticipated rising interest rates
  - $404,554 in Other revenue
    - $144,101 lien collection
    - $69,820 workers comp reimbursements
    - Other miscellaneous revenues (copies of police reports, outstanding check write-offs, reimbursement for EMS planner, auction proceeds, gas well revenue)

- Expenditures coming in under budget
  - $243,129 Parks and Recreation
    - $107,566 in Park Ground Maintenance (savings in water and electricity, mowing and landscape maintenance)
    - $72,217 in Recreation Programming (salary/benefits due to vacant position and savings in fees paid for camp and class instructors)
    - $30,002 in Special Events (Christmas parade cancellation Dec 2018)
  - $311,439 Public Works
    - $264,077 in Streets (contracts underway not completed and paid until FY20 and electricity savings for street lighting)
    - $72,536 in Equipment Services (less than budgeted vehicle repairs and declining fuel prices)

**FY20 General Fund Expenditure Cuts in Response to COVID-19 Pandemic**

- $1,166,672 General Fund Expense Cuts
  - $599,260 salary and benefit cuts (PT salary cuts and hiring freeze)
  - $68,928 travel and training cuts
  - $138,500 park amenity replacements and landscape related cuts
  - $21,783 savings in fuel costs
  - $388,201 in miscellaneous reductions (electricity, postage, advertising, etc.)

**FY20 General Fund Expenditure Increases**

- $170,000 transfer for unfunded portion of COVID-19 related grants (some portion of this may be covered by the CARES grant)
- $152,000 increase to repair I-20 lighting due to theft of wiring
- $190,197 increase to vacation and sick time payouts for resignations and retirements (11 resignations, 2 retirements)
- $70,000 Chammeyville demolition and tank removal
- $167,510 medical insurance fund dissolution (no longer self-insured)

**FY20 General Fund Major Revenue Changes**

$991,956 Sales Tax decrease

- Loss of major sales tax generator DeFord's (somewhat offset by new sales tax generators such at Pappa's BBQ and Mudhook Bar and Kitchen)
- Estimated COVID-19 trending
  - Total actual sales tax received Oct 2019 thru Mar 2020 $5,049,749
  - Total actual sales tax received April 2019 thru Sep 2019 (prior year) $5,515,120 less 25% COVID-19 reduction of $1,378,780 leaving forecasted sales tax revenue for the remainder of FY20 at $4,136,340
  - 75% of sales tax allocated to the General Fund and 25% allocated to DCEDC
- $36,500 increase in Permits and Fees
  - Increase in Emergency Medical Services collections of $50,000 offset by decreased Health Food Permit Fees
- $55,000 decrease in Interest Income
  - Falling interest rates due to Federal Open Market Committee response to pandemic
- $100,887 decrease in Recreation Fees
  - COVID-19 related closure
- $146,221 decrease in Other Revenue

  - Loss of EON lease revenue

**FY20 General Fund Challenges**

- Sales tax revenue loss is significant and recovery from the pandemic is uncertain from a timing perspective
- Restoration of deferred street maintenance and other building and equipment maintenance costs continue to present challenges
- Providing exceptional services with lean staffing levels is a challenge
- Compliance with unfunded regulatory and reporting mandates increases organizational stress with lean staffing and current compensation

**FY20 General Fund Summary:**

FY21 Proposed Budget Expenditure Reductions

- $337,340 cuts in travel and training, supplies, Workers Comp premiums, and other miscellaneous expenses during internal budget review process
- $94,166 salary and benefit savings in Park and Recreation due to reorganization
- $45,798 savings from Planning position vacancy

FY21 Proposed Budget Expenditure Increases

- $304,720 Group Insurance (expected 19% increase in insurance premiums – insurance has been bid and awaiting results)
- $279,398 retiree medical expense previously in Medical Insurance Fund
- $69,588 increase in IT replacement fund contributions (increased funding from 30% to 80%)

FY21 Proposed General Fund Budget Revenue Changes

- $1,066,956 decrease in sales tax revenue based on loss of DeFord's and uncertain economic recovery from COVID-19
- Budget based on FY20 Revised Sales Tax History less an additional drop of $100,000
- Potential new sales tax pending completion and opening
  - Starbucks
  - Thibodeaux's Authentic Cajun Cooking expansion
  - Tax generating businesses leasing space in new strip center located in front of WinCo Foods, former Chase Bank building, pad sites around potential new credit union
- $624,468 increase in property tax revenue, limited by SB2
- $17,000 decrease in franchise receipts as telephone and cable franchise revenues continue to erode
- $84,500 increase in permits and fees due to potential credit union and car wash construction along with increased emergency medical service fees
- $49,000 increase in fines associated with a return to normal public activity (traffic fines, code violations, etc.)
- $25,000 decrease in investment revenue based on predicted lower interest rates
- $45,000 decrease in recreation fees based on uncertain recovery from COVID-19
- $149,000 decrease in other revenue based on loss of EON lease revenue
- $340,400 transfer to Medical Insurance Fund not needed due to dissolution of fund
- $425,662 decrease in transfer to One Time Project Fund (funds not available)
- $80,000 increase in transfer to grant fund due to every two-year funding of CDBG grant
- $265,000 increase in transfer to Street CIP due to funding
  - $50,000 road design Beaver Creek & Swan Ridge
  - $75,000 road design E. Carr
  - $61,000 Wintergreen Phase I payment to Dallas County
  - $79,000 US-67 Green Ribbon design
- $350,000 reserve for P-25 radio project decrease (no funds available)
- $100,000 decrease in economic incentive payments due to the commitment ending in FY20

**FY21 Budget Challenges**

- Uncertainty of economic recovery after pandemic is a big concern:
  - No new programs, no new projects
  - No civilian pay increases and no public safety pay plan adjustments
  - Maintaining services at current levels

- Maintaining competitive pay and benefits continues to be a challenge as we compete with other public sector entities and the private sector to attract and retain employees
- Providing exceptional services with lean staffing levels is a challenge
- Compliance with unfunded regulatory and reporting mandates is difficult to achieve with lean staffing and current compensation levels
- Restoration of deferred street maintenance and other building and equipment maintenance costs continue to present challenges

The meeting recessed at 6:13 p.m. and reconvened at 6:37 p.m.

There was further discussion on the Fire and Police Department P25 Radio system update and a cost benefit analysis of transitioning to Tri-City Jail.

Council instructed for staff to move forward with an Interlocal Agreement for transitioning to a Tri-City Jail for the next Fiscal year.

Councilmember Jameson would like staff to look at incorporating the EON building for a city facility.

**Tax Rate Straw Vote:**
Council agreed not to exceed the a 3.5% Cap

- Under Voter-Approval Rate – Estimated General Fund Tax Revenue $17,917,083 (3.5% Cap)

**ADJOURNMENT**

The meeting was adjourned at 8:26 p.m.

APPROVED:

MAYOR

ATTEST:

CITY SECRETARY